



Housing Methodology Committee

Bay Conservation and Development Commission (BCDC)

50 California Street, 26th Floor

San Francisco, CA

Meeting – October 19, 2006

10:00 a.m. - 1:00 p.m.

Time (approx.)

1. **Call to Order/Introductions**
2. *** Discussion of Allocation Methodologies – All Units** **90 Minutes**
Committee continues and concludes discussion from previous meeting.

Break - Lunch
3. **Discussion of Other RHNA Methodology Issues** **75 Minutes**
Staff report on the following:
 - * (a) Subregions – assignment of share of the regional need (income-based units) and allocating for a subregion.
 - * (b) Rules on Revisions and Appeals – resolving anomalies, including boundary (sphere of influence) issues and whether to address voluntary transfers.
 - * (c) AB 2572 - Students
5. **Consensus on Overall Recommendation** **15 Minutes**
5. **Public comment**
6. **Adjournment**

In - Meeting Lunch Provided

* Posted to website

M E M O

To: Housing Methodology Committee (HMC)
From: ABAG Staff
Date: October 17, 2006
Subject: **RHNA Allocation Methodology Scenarios – Round 2**

Background

As part of the Regional Housing Needs Allocation (RHNA) process, the Housing Methodology Committee (HMC) has been tasked with assisting ABAG staff in developing the methodology for allocating shares of the regional housing need to each city and county in the Bay Area.

By statute, there are nine factors that must be considered in developing the allocation methodology.¹ Factors are used to assign a share of the region's total housing need to individual jurisdictions. The factors cannot be used to change the total regional housing need. Therefore, the factors are always expressed as a share of the regional total. If used as factors, these same shares are then used to assign a proportion of the regional housing need to the jurisdiction.

Over the past several months, the HMC has been working to determine which factors should be included in the methodology. The committee's discussion has been framed by the need for the methodology to meet the statutory RHNA objectives as well as to further the Bay Area's regional goals for growth.

In the interest of developing the allocation methodology, the HMC requested that ABAG staff generate several possible allocation scenarios for their consideration. The scenarios include factors related to housing, jobs, and areas served by public transportation.

The first set of scenarios was discussed at the October 12th HMC meeting. The committee felt that we should be more consistent in matching job and housing growth, or jobs and housing at a single point in time. The HMC also asked us to look using jobs in transit areas in the methodology. This memo describes the scenarios that were developed based on feedback from the committee. The different ways of using these factors, and the policy implications of each, are also presented.

Revised Regional Allocation Scenarios

The HMC has identified three broad categories of factors to be considered for inclusion in the methodology:

- Housing
- Employment
- Access to public transit

¹ Government Code Section 65584.04(d).

The allocation scenarios are separated into two major categories. The first three scenarios include only factors related to housing and employment. They demonstrate a “Moderate Transit Emphasis” because they are based on *Projections*, which incorporates the regional smart growth principles to direct growth to existing communities and areas near public transit.²

The rest of the scenarios (Scenarios 4 through 10) are also based on *Projections*, but they include “transit” as an additional factor, and therefore represent a “greater transit emphasis”. Only existing, fixed transit infrastructure, such as heavy and light rail systems and ferries³ are included. Transit is included in four distinct ways: 1) housing growth near transit, 2) total housing (2014) near transit, 3) employment growth near transit, and 4) total (2014) employment near transit. The sample scenarios use the transit factor in various combinations of these four distinct variables to demonstrate different policy options.

All scenarios are based on the draft numbers from the *Projections 2007* forecast. These numbers are currently being reviewed by local governments, and therefore it is likely that some changes will occur. Also, the total regional need number in the scenarios is from the 1999-2006 RHNA period, and is used only for demonstration purposes. It is possible that the total regional need will be significantly higher for the 2007-2014 RHNA period.

Moderate Transit Emphasis

These scenarios focus on housing and jobs as the major determinants of future housing need. Projected household growth represents the need to provide housing for natural population increases. In addition, the presence of jobs in a community also generates demand for housing to accommodate workers. Over time, linking jobs to housing will result in a better jobs-housing balance throughout the region.

During the discussion of the first set of allocation scenarios at the October 12th HMC meeting, several committee members requested that we look at ways to better address jobs-housing balance more directly. Suggestions included looking at employed residents as a factor or making an adjustment for jobs-housing ratios. Staff explored using these types of factors, but found that the resulting allocation scenarios did not yield satisfactory outcomes, i.e. the result was numerous negative allocations. Therefore, the jobs-housing balance issue was addressed by placing more emphasis on existing employment centers and by only using housing growth in some of the scenarios presented below.

Scenario 1: Total Housing & Employment

This scenario equally weights a jurisdiction’s total households and total jobs in 2014. Using the totals for 2014 accounts for existing housing and employment, as well as the increment of growth expected between 2007 and 2014. This scenario results in more housing going to jurisdictions with existing high concentrations of both housing and jobs. Because jobs and housing are equally

² In 2002, ABAG’s Executive Board resolved to use the regional goals and Network of Neighborhoods vision as the basis for *Projections* forecasts. Since then, *Projections* assumes that, over time, local land use policies will move the region closer to meeting the regional goals. The policy-based *Projections* specifically forecast more growth in existing communities and near transit, while directing growth away from agricultural areas and open space.

³ The rail service providers included are: Altamont Commuter Express (ACE), Bay Area Rapid Transit (BART), Caltrain, San Francisco MUNI light rail, and Santa Clara Valley Transportation Authority (VTA) light rail.

weighted, this scenario does the least to improve existing jobs/housing imbalances in the region, as it maintains existing proportions of jobs and housing in each jurisdiction.

Scenario 2: Housing & Employment Growth

This scenario is equally weighted between a jurisdiction's expected growth in both households and jobs between 2007 and 2014. This scenario does not consider existing concentrations of either jobs or housing and so housing is not directed to areas where there are either large amounts housing or jobs in the region.

While this avoids putting additional housing where there is already lots of housing, it also emphasizes employment growth, where additional housing may be needed.

This scenario addresses jobs-housing balance based solely on future employment growth. It does not seek to adjust the existing balance between housing and jobs.

Scenario 3: Employment Emphasis

Scenario 3 has a strong employment emphasis. Household growth is equally weighted with total jobs (2014). However, this scenario does **not** consider the existing concentrations of housing, only planned household growth. In this way, housing is not directed to those areas that have already built a significant amount of housing. This scenario also uses 2014 jobs. The effect of this is to place more housing in jurisdictions with both large existing employment bases and in those that are anticipated to experience employment growth.

This scenario has the greatest potential for consistency between local and regional policy, for it considers both locally and regionally planned growth, and has a strong employment component. This scenario only directs housing to those jurisdictions that are planning for growth (according to a meld of regional and local policy via *Projections*.) It also directs housing to both existing and growing employment centers.

Greater Transit Emphasis

These scenarios include factors related to housing and employment, but add a factor to direct growth to areas with access to public transit. Choosing to include a factor in the methodology that directs growth to areas with public transit would reinforce the importance of encouraging growth in areas with a variety of transportation options. In effect, it would give extra weight to this regional goal, over what has already been done in the *Projections* forecast. It is expected that the most significant impacts from the use of the regional goals in *Projections* will not begin to take effect until 2010. Directing growth to areas with public transit in the methodology would ensure that this regional goal influences development patterns during the RHNA period.

Housing Emphasis

Scenario 4 & 5: Heavy Housing Emphasis

These scenario have a strong housing emphasis, as 80 percent of projected housing need is based on either existing households or projected growth – 60 percent overall housing or housing growth and 20 percent near transit. Scenario 4 is the more heavily weighted toward housing than Scenario 5, as it

uses total (2014) housing. Scenario 5 uses household growth, which only assigns units based on planned household growth, eliminating impact of existing housing stock.

Jobs are accounted for only 20 percent in each scenario. Existing job centers are considered in scenario 4, while only those areas expected to experience job growth are considered in scenario 5. Overall, these scenarios are heavily weighted toward housing as the primary determinant of housing need, with the added factor transit, either existing or planned homes near transit.

Scenarios 6 & 7: Moderate Housing Emphasis

Scenarios 6 and 7 both consider either total or planned employment near transit, however housing is still presented as the primary determinant of housing need. Scenario 6 considers existing and planned (2014) households and jobs, with additional weight given to existing and planned jobs in transit areas. This scenario offers consideration of existing concentration of housing and employment in all communities. Greater weight is given to communities that have existing and planned employment growth near transit. However, this scenario may not effectively address existing regional jobs/housing balance, for those areas with high concentrations of housing; especially those jurisdictions with transit are given a relatively higher share of the regional housing need (60 percent vs. 40 percent) than those with high employment concentrations.

Scenario 7 only considers housing and job growth, not existing concentrations of either. Only those areas with anticipated housing and job growth are considered, with greater weight given to communities with employment growth planned near transit. This scenario avoids placing housing in those communities with high housing concentrations; however, it also does not effectively address existing employment concentrations and therefore may not effectively address existing regional jobs/housing balance.

Employment Emphasis

Scenarios 8: Heavy Employment with Heavy Transit Emphasis

Scenarios 8 & 9 have the greatest emphasis on employment, while also considering transit. These scenarios assign units based 40 percent household growth, with no consideration of existing concentrations of housing. Therefore, these scenarios do not consider those areas in the region that are currently housing rich.

Both scenarios use total jobs as the highest determinant of regional need. In terms of transit, Scenario 8 uses 10 percent and Scenario 9 uses a 20 percent weight on those areas with planned employment growth near transit. Both of these scenarios may adequately address jobs-housing balance, as housing is directed to both existing employment centers and to areas with relatively high planned jobs.

Transit Combo

Scenario 10: Combo - Heavy Transit with Housing Emphasis

This scenario gives transit the highest emphasis of all the scenarios by giving 40 percent allocation to those jurisdictions with either planned housing or employment growth near transit. It also is the one example that is inclusive of all transit areas, i.e. those with both employment and housing. Those jurisdictions without transit would only be given an allocation based on overall household growth.

Because this scenario uses household growth factor that is applicable to all jurisdictions (those with and without transit), housing is the primary determinant of housing need.

Summary

The scenarios described above demonstrate the degree to which the regional housing needs methodology can be used to support regional housing policy. How housing, employment and transit are considered in the methodology can significantly alter the policy implications of the methodology.

- Current regional policy places incrementally more growth along major transportation corridors and at transit stations. Therefore, a housing need allocation that uses regional housing and employment as factors (Scenarios 1-3) would be inclusive of “transit” as a policy issue. Using transit as an additional direct factor (Scenarios 4-10) would give transit a greater degree of policy consideration. Those jurisdictions with transit, under scenarios 4-10 would receive a relatively higher proportion of the allocation than those jurisdictions without transit.
- Considering total existing and planned housing (2014) in the methodology gives those jurisdictions with existing relatively high concentrations of housing in the region – the most housing dense urban communities a relatively higher proportion of the housing allocation.
- Considering only housing growth gives those jurisdictions that are planning for housing growth (according to both regional and local policy) a relatively greater portion of the housing need.
- Considering existing and planned employment (2014) gives those jurisdictions with both high existing concentrations of jobs and planned job growth a greater share of the housing need. This may have the greatest impact in directing housing to job centers and may be most effective in addressing regional jobs-housing imbalance.

Formulas for Methodology Examples
Housing Methodology Committee October 19, 2006

1. $50\% * (\text{Share of Regional Households in 2014}) + 50\% * (\text{Share of Regional Jobs in 2014})$
2. $50\% * (\text{Share of Regional Household Growth between 2007 and 2014}) + 50\% * (\text{Share of Regional Job Growth between 2007 and 2014})$
3. $50\% * (\text{Share of Regional Household Growth between 2007 and 2014}) + 50\% * (\text{Share of Regional Jobs in 2014})$
4. $60\% * (\text{Share of Regional Households in 2014}) + 20\% * (\text{Share of Regional Jobs in 2014}) + 20\% * (\text{Share of Regional Households within } \frac{1}{2} \text{ mile of transit in 2014})$
5. $60\% * (\text{Share of Regional Household Growth between 2007 and 2014}) + 20\% * (\text{Share of Regional Job Growth between 2007 and 2014}) + 20\% * (\text{Share of Regional Household Growth between 2007 and 2014 that is within } \frac{1}{2} \text{ mile of transit})$
6. $60\% * (\text{Share of Regional Households in 2014}) + 20\% * (\text{Share of Regional Jobs in 2014}) + 20\% * (\text{Share of Regional Jobs within } \frac{1}{2} \text{ mile of transit in 2014})$
7. $60\% * (\text{Share of Regional Household Growth between 2007 and 2014}) + 20\% * (\text{Share of Regional Household Growth between 2007 and 2014 that is within } \frac{1}{2} \text{ mile of transit}) + 20\% * (\text{Share of Regional Household Growth between 2007 and 2014 that is within } \frac{1}{2} \text{ mile of transit})$
8. $40\% * (\text{Share of Regional Household Growth between 2007 and 2014}) + 50\% * (\text{Share of Regional Jobs in 2014}) + 10\% * (\text{Share of Regional Job Growth between 2007 and 2014 within } \frac{1}{2} \text{ mile of transit})$
9. $40\% * (\text{Share of Regional Household Growth between 2007 and 2014}) + 40\% * (\text{Share of Regional Jobs in 2014}) + 20\% * (\text{Share of Regional Job Growth between 2007 and 2014 within } \frac{1}{2} \text{ mile of transit})$
10. $60\% * (\text{Share of Regional Household Growth between 2007 and 2014}) + 20\% * (\text{Share of Regional Household Growth between 2007 and 2014 that is within } \frac{1}{2} \text{ mile of transit}) + 20\% * (\text{Share of Regional Job Growth between 2007 and 2014 within } \frac{1}{2} \text{ mile of transit})$

Jobs/Housing Balance

	<i>P2007</i> 2007 Households	<i>P2007</i> 2014 Households	2007 Jobs	2014 Jobs	2007 J/H Ratio	2014 J/H Ratio
ALAMEDA	31,348	32,756	28,388	33,438	0.91	1.02
ALBANY	7,202	7,454	5,076	5,518	0.70	0.74
BERKELEY	45,846	47,064	76,610	80,268	1.67	1.71
DUBLIN	14,704	18,536	20,476	24,566	1.39	1.33
EMERYVILLE	5,022	5,622	20,258	21,940	4.03	3.90
FREMONT	70,934	74,004	95,782	106,266	1.35	1.44
HAYWARD	47,274	49,462	74,122	80,272	1.57	1.62
LIVERMORE	29,594	32,920	51,126	61,058	1.73	1.85
NEWARK	13,398	13,996	21,126	22,786	1.58	1.63
OAKLAND	156,592	167,050	208,882	228,670	1.33	1.37
PIEDMONT	3,814	3,828	2,102	2,136	0.55	0.56
PLEASANTON	25,836	27,836	60,570	69,060	2.34	2.48
SAN LEANDRO	31,690	33,406	42,406	46,860	1.34	1.40
UNION CITY	20,088	21,538	20,374	25,184	1.01	1.17
UNINCORPORATED	49,044	50,304	24,280	26,598	0.50	0.53
ALAMEDA COUNTY	552,386	585,776	751,578	834,620	1.36	1.42
ANTIOCH	33,822	36,376	22,178	26,228	0.66	0.72
BRENTWOOD	15,368	18,804	8,074	10,394	0.53	0.55
CLAYTON	4,056	4,268	1,472	1,680	0.36	0.39
CONCORD	46,794	49,814	68,978	75,614	1.47	1.52
DANVILLE	15,964	16,420	15,470	16,440	0.97	1.00
EL CERRITO	13,024	13,328	6,746	7,378	0.52	0.55
HERCULES	7,842	8,356	3,192	4,046	0.41	0.48
LAFAYETTE	9,908	10,202	11,426	11,520	1.15	1.13
MARTINEZ	17,252	18,204	22,532	25,170	1.31	1.38
MORAGA	5,782	6,004	5,108	5,362	0.88	0.89
OAKLEY	10,070	11,252	3,672	4,896	0.36	0.44
ORINDA	6,706	6,872	6,266	6,400	0.93	0.93
PINOLE	10,860	11,342	6,586	7,080	0.61	0.62
PITTSBURG	26,598	29,062	19,276	23,840	0.72	0.82
PLEASANT HILL	17,034	17,508	18,146	19,164	1.07	1.09
RICHMOND	42,544	45,544	45,454	50,604	1.07	1.11
SAN PABLO	10,630	10,918	6,366	7,038	0.60	0.64
SAN RAMON	20,710	24,534	42,818	49,088	2.07	2.00
WALNUT CREEK	38,628	40,728	63,520	67,430	1.64	1.66
UNINCORPORATED	21,794	22,840	13,138	14,864	0.60	0.65
CONTRA COSTA COUNTY	375,386	402,376	390,418	434,236	1.04	1.08
BELVEDERE	964	978	1,134	1,148	1.18	1.17
CORTE MADERA	4,010	4,174	7,072	7,540	1.76	1.81
FAIRFAX	3,792	3,858	2,064	2,186	0.54	0.57
LARKSPUR	8,862	9,332	13,174	13,698	1.49	1.47
MILL VALLEY	8,310	8,482	10,710	11,212	1.29	1.32
NOVATO	21,246	22,622	27,554	32,246	1.30	1.43
ROSS	778	798	864	886	1.11	1.11
SAN ANSELMO	6,150	6,228	6,094	6,310	0.99	1.01
SAN RAFAEL	25,740	26,778	46,070	49,668	1.79	1.85
SAUSALITO	4,492	4,534	7,516	7,948	1.67	1.75
TIBURON	4,806	4,862	4,838	5,000	1.01	1.03
unincorporated	14,982	15,258	14,168	15,632	0.95	1.02
MARIN COUNTY	104,132	107,904	141,258	153,474	1.36	1.42
AMERICAN CANYON	5,164	5,952	2,852	4,588	0.55	0.77

Jobs/Housing Balance

	<i>P2007</i> 2007 Households	<i>P2007</i> 2014 Households	2007 Jobs	2014 Jobs	2007 J/H Ratio	2014 J/H Ratio
CALISTOGA	2,092	2,134	2,786	3,018	1.33	1.41
NAPA	30,438	32,290	36,590	40,182	1.20	1.24
ST HELENA	2,432	2,474	5,826	5,946	2.40	2.40
YOUNTVILLE	1,104	1,172	2,664	2,802	2.41	2.39
unincorporated	8,920	9,192	22,540	23,888	2.53	2.60
NAPA COUNTY	50,150	53,214	73,258	80,424	1.46	1.51
 SAN FRANCISCO COUNTY	 342,684	 355,914	 570,002	 634,946	 1.66	 1.78
 SAN MATEO COUNTY	 262,946	 275,572				
CAMPBELL	16,662	17,226	22,766	23,762	1.37	1.38
CUPERTINO	19,806	20,620	31,788	33,692	1.60	1.63
GILROY	16,512	17,978	22,372	25,198	1.35	1.40
LOS ALTOS	11,534	11,758	10,696	10,980	0.93	0.93
LOS ALTOS HILLS	3,570	3,656	1,958	1,986	0.55	0.54
LOS GATOS	13,448	13,778	19,760	20,462	1.47	1.49
MILPITAS	18,386	20,322	48,550	52,292	2.64	2.57
MONTE SERENO	1,526	1,582	514	528	0.34	0.33
MORGAN HILL	13,934	15,156	14,504	16,848	1.04	1.11
MOUNTAIN VIEW	32,454	34,400	55,948	60,736	1.72	1.77
PALO ALTO	30,730	32,854	96,714	101,108	3.15	3.08
SAN JOSE	317,318	348,318	380,096	440,178	1.20	1.26
SANTA CLARA	42,750	46,786	106,092	115,090	2.48	2.46
SARATOGA	11,064	11,318	7,312	7,628	0.66	0.67
SUNNYVALE	54,260	56,862	77,196	87,868	1.42	1.55
unincorporated	5,014	5,160	2,782	2,958	0.55	0.57
SANTA CLARA COUNTY	608,968	657,774	899,048	1,001,314	1.48	1.52
 BENICIA	 10,786	 11,168	 15,874	 17,174	 1.47	 1.54
DIXON	5,848	6,712	6,020	6,578	1.03	0.98
FAIRFIELD	36,468	41,142	52,000	57,346	1.43	1.39
RIO VISTA	3,656	5,508	2,630	3,428	0.72	0.62
SUISUN CITY	9,110	10,148	4,260	4,978	0.47	0.49
VACAVILLE	32,602	35,968	31,818	35,584	0.98	0.99
VALLEJO	43,946	49,234	36,808	40,624	0.84	0.83
unincorporated	4,932	4,966	5,458	5,478	1.11	1.10
SOLANO COUNTY	147,348	164,846	154,868	171,190	1.05	1.04
 CLOVERDALE	 3,296	 3,892	 1,960	 2,282	 0.59	 0.59
COTATI	3,202	3,384	3,356	4,142	1.05	1.22
HEALDSBURG	4,726	5,028	6,714	7,180	1.42	1.43
PETALUMA	21,926	23,762	32,910	35,944	1.50	1.51
ROHNERT PARK	16,312	17,156	19,516	25,462	1.20	1.48
SANTA ROSA	68,654	74,644	96,490	109,312	1.41	1.46
SEBASTOPOL	3,472	3,630	5,924	5,938	1.71	1.64
SONOMA	5,194	5,578	8,874	8,918	1.71	1.60
WINDSOR	8,876	9,578	6,254	7,520	0.70	0.79
unincorporated	50,486	51,664	45,078	45,638	0.89	0.88
SONOMA COUNTY	186,144	198,316	227,076	252,336	1.22	1.27
 REGION	 2367198	 2526120	 3207506	 3562540	 1.35	 1.41

Jobs/Housing Balance

<i>P2007</i>	<i>P2007</i>				
2007	2014	2007	2014	2007	2014
Households	Households	Jobs	Jobs	J/H Ratio	J/H Ratio

Moderate Transit Emphasis			Greater Transit Emphasis								Previous RHNA
			Housing Emphasis				Jobs Emphasis		Combo		
1	2	3	4	5	6	7	8	9	10		
			60% HHs 2014 20% Jobs 2014 20% Trans HH 2014	60% HH Growth 20% Jobs Growth 20% Trans HH Growth	60% HH 2014 20% Jobs 2014 20% 2014 Trans Jobs	60% HH Growth 20% Jobs Growth 20% Trans Job Growth	40% HH Growth 50% Jobs 2014 10% Trans Job Growth	40% HH Growth 40% Jobs 2014 20% Trans Job Growth	60% HH Growth 20% Trans HH Growth 20% Trans Job Growth		
50% HHs in 2014 50% Jobs in 2014	50% HH Growth 50% Jobs Growth	50% HH Growth 50% jobs 2014									
230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	
2,374	2,452	1,930	2,338	2,134	2,113	2,067	1,917	1,884	1,864	2,162	
478	301	332	442	255	442	255	299	266	202	277	
4,372	1,908	3,188	5,228	2,287	4,201	1,824	3,249	2,975	2,259	1,269	
1,512	3,784	3,287	1,268	3,672	1,359	3,982	2,991	3,054	3,602	5,436	
890	904	1,050	972	1,270	911	850	1,059	1,012	1,237	777	
6,279	5,188	5,194	5,942	4,707	5,426	5,186	5,544	5,645	4,923	6,708	
4,473	3,302	3,836	4,767	3,714	3,720	2,826	3,731	3,420	3,314	2,835	
3,204	5,194	4,028	2,822	4,429	2,513	4,059	3,700	3,438	3,443	5,107	
1,268	896	1,073	978	678	978	678	999	863	480	1,250	
13,840	12,908	13,751	17,649	19,577	16,890	14,591	14,327	14,882	21,046	7,733	
225	20	73	219	15	219	15	71	58	11	49	
3,229	3,876	3,379	2,541	3,048	2,461	3,182	3,409	3,278	2,594	5,059	
2,801	2,479	2,532	3,175	2,573	2,525	2,464	2,592	2,590	2,595	870	
1,656	2,408	1,714	1,752	2,138	1,476	2,150	1,732	1,787	1,973	1,951	
2,908	1,535	1,629	2,855	1,288	2,855	1,288	1,467	1,308	1,010	5,310	
49,509	47,156	46,995	52,947	51,786	48,088	45,418	47,085	46,461	50,554	46,793	
2,311	2,918	2,482	2,148	2,533	2,208	2,697	2,230	2,156	2,213	4,459	
1,100	2,990	2,604	1,073	3,033	1,127	3,199	2,230	2,251	2,922	4,073	
230	204	191	235	195	235	195	163	153	170	446	
4,349	4,003	4,254	4,073	3,933	3,680	3,467	3,994	3,669	3,390	2,319	
1,180	595	791	1,024	482	1,024	482	734	636	366	1,110	
780	392	421	1,713	704	944	492	469	511	801	185	
472	599	463	470	514	470	514	395	371	412	792	
772	225	537	821	324	717	307	530	491	372	194	
1,516	1,425	1,380	1,387	1,164	1,300	1,126	1,283	1,156	894	1,341	
412	224	307	367	208	367	208	279	247	178	214	
619	1,156	935	626	1,094	632	1,113	787	767	967	1,208	
480	151	300	497	199	458	181	295	273	214	221	

10/18/06 1:45 PM

Moderate Transit Emphasis			Greater Transit Emphasis								
			Housing Emphasis				Jobs Emphasis		Combo		
1	2	3	4	5	6	7	8	9	10		
			60% HHs	60% HH	60% HH	60% HH	40% HH	40% HH	60% HH		
			2014 20%	Growth 20%	2014 20%	Growth	Growth 50%	Growth	Growth 20%		
50% HHs in	50% HH	50% HH	2014 20%	Jobs Growth	Jobs 2014	20% Jobs	Jobs 2014	40% Jobs	Trans HH		
2014 50%	Growth	Growth	20% Trans	20% Trans	20% 2014	20% Trans	10% Trans	2014 20%	Growth 20%		
Jobs in 2014	50% Jobs	50% jobs	HH 2014	HH Growth	Trans Jobs	Job Growth	Job Growth	Trans Job	Trans Job	Previous	
	Growth	2014						Growth	Growth	RHNA	
230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	
688	470	531	657	446	657	446	469	427	387	288	
1,933	3,012	2,352	2,118	3,171	1,761	2,548	2,041	1,912	2,651	2,513	
1,307	621	883	1,112	502	1,112	502	825	710	380	714	
3,423	3,545	3,501	3,411	3,243	3,093	3,143	3,173	2,932	2,748	2,603	
669	394	401	635	311	635	311	364	322	231	494	
2,495	4,431	4,007	1,823	3,817	1,823	3,817	3,508	3,215	3,067	4,447	
3,723	2,573	3,397	3,692	2,752	3,495	2,455	3,285	3,034	2,588	1,653	
1,403	1,215	1,139	1,330	1,045	1,331	1,050	1,005	919	844	5,436	
29,862	31,145	30,878	29,212	29,669	27,069	28,254	28,058	26,153	25,793	34,710	
75	13	43	63	13	63	13	42	35	11	10	
400	250	333	300	188	300	188	312	268	132	179	
227	81	109	221	68	221	68	100	87	53	64	
801	471	719	786	740	817	636	758	774	874	303	
691	265	447	562	198	562	198	426	359	138	225	
1,912	2,323	1,873	1,526	1,665	1,623	2,079	1,904	1,919	1,517	2,582	
60	20	40	51	19	51	19	37	32	16	21	
450	117	239	389	88	389	88	230	192	63	149	
2,607	1,770	2,162	1,943	1,263	2,306	1,604	2,206	2,081	1,174	2,090	
428	157	263	496	74	361	111	272	238	48	207	
353	86	185	420	78	323	57	175	142	51	164	
1,108	622	647	956	397	958	397	614	520	221	521	
9,112	6,175	7,059	7,714	4,789	7,974	5,457	7,077	6,647	4,297	6,515	
387	1,046	662	355	840	355	840	558	531	632	1,323	
180	97	117	144	61	144	61	112	94	34	173	
2,555	2,312	2,426	2,108	1,915	2,108	1,915	2,188	1,948	1,485	3,369	
281	64	204	196	48	196	48	200	164	34	142	
133	87	128	93	71	93	71	120	103	55	87	
1,099	585	888	749	379	749	379	858	715	218	1,969	

10/18/06 1:45 PM

Moderate Transit Emphasis			Greater Transit Emphasis								
			Housing Emphasis				Jobs Emphasis		Combo		
1	2	3	4	5	6	7	8	9	10		
			60% HHs 2014 20% Jobs 2014 20% Trans HH 2014	60% HH Growth 20% Jobs Growth 20% Trans HH Growth	60% HH 2014 20% Jobs 2014 20% 2014 Trans Jobs	60% HH Growth 20% Jobs Growth 20% Trans Job Growth	40% HH Growth 50% Jobs 2014 10% Trans Job Growth	40% HH Growth 2014 20% Trans Job Growth	60% HH Growth 20% Trans HH Growth 20% Trans Job Growth	Previous RHNA	
50% HHs in 2014 50% Jobs in 2014	50% HH Growth 50% Jobs Growth	50% HH Growth 50% jobs 2014									
230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	
4,635	4,191	4,426	3,644	3,315	3,644	3,315	4,036	3,556	2,457	7,063	
33,893	28,269	28,474	44,135	35,304	51,074	40,695	37,159	44,530	49,847	20,372	
18,332	18,332	18,332	18,332	18,332	18,332	18,332	18,332	18,332	18,332	16,305	
1,433	675	1,080	1,152	571	1,152	571	1,010	868	452	777	
1,871	1,114	1,540	1,442	881	1,442	881	1,440	1,239	653	2,720	
1,507	1,825	1,725	1,535	1,649	1,342	1,719	1,637	1,590	1,515	3,746	
822	235	474	724	214	724	214	447	382	180	261	
213	66	116	208	72	208	72	105	93	69	83	
1,189	431	826	939	349	939	349	786	664	265	402	
2,413	2,413	2,840	1,649	2,000	1,866	2,526	2,857	2,808	2,079	4,348	
82	42	53	86	47	86	47	46	43	45	76	
1,139	1,518	1,315	1,190	1,386	1,042	1,536	1,293	1,331	1,381	2,484	
3,257	2,733	3,097	3,497	2,786	2,829	2,479	3,024	2,834	2,558	3,423	
4,395	2,734	4,409	3,918	3,248	4,133	2,691	4,381	4,009	3,184	1,397	
27,767	38,690	33,734	25,011	35,515	24,540	34,490	30,916	29,512	30,766	26,114	
5,398	5,389	6,101	4,089	5,313	4,319	6,128	6,496	6,717	6,051	6,339	
703	264	395	662	242	662	242	363	318	204	539	
5,010	4,931	4,337	4,708	4,106	4,354	4,314	4,486	4,437	3,779	3,836	
305	150	185	359	152	345	202	198	213	195	1,446	
57,506	63,208	62,227	51,169	58,529	49,984	58,459	59,486	57,057	53,376	57,991	
982	644	763	768	462	768	462	716	614	306	413	
478	744	772	417	760	417	760	658	619	693	1,464	
3,439	4,723	4,819	2,868	4,513	2,825	4,496	4,262	3,974	3,981	3,812	
334	1,476	1,339	319	1,581	319	1,581	1,092	1,072	1,485	1,391	
575	908	841	680	1,043	637	1,026	757	781	1,065	1,004	

10/18/06 1:45 PM

	Moderate Transit Emphasis			Greater Transit Emphasis							Previous RHNA
				Housing Emphasis				Jobs Emphasis		Combo	
	1	2	3	4	5	6	7	8	9	10	
	50% HHs in 2014 50% Jobs in 2014	50% HH Growth 50% Jobs Growth	50% HH Growth 50% jobs 2014	60% HHs 2014 20% Jobs 2014 20% Trans HH 2014	60% HH Growth 20% Jobs Growth 20% Trans HH Growth	60% HH 2014 20% Jobs 2014 20% 2014 Trans Jobs	60% HH Growth 20% Jobs Growth 20% Trans Job Growth	40% HH Growth 50% Jobs 2014 10% Trans Job Growth	40% HH Growth 2014 20% Trans Job Growth	60% HH Growth 20% Trans HH Growth 20% Trans Job Growth	
	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743
VACAVILLE	2,573	3,376	3,302	2,239	3,150	2,239	3,150	2,860	2,648	2,699	4,636
VALLEJO	3,281	4,675	4,735	2,968	4,697	3,033	4,814	4,097	3,913	4,358	3,242
UNINCORPORATED	372	29	185	316	30	316	30	181	149	27	2,719
SOLANO COUNTY	12,034	16,576	16,756	10,576	16,235	10,554	16,318	14,625	13,770	14,614	18,681
CLOVERDALE	232	495	466	224	516	241	582	419	438	543	423
COTATI	266	357	244	220	240	254	323	262	279	229	567
HEALDSBURG	425	341	414	339	298	418	375	414	409	319	573
PETALUMA	2,071	2,135	2,290	1,627	1,835	1,872	2,046	2,158	2,049	1,683	1,144
ROHNERT PARK	1,480	2,343	1,317	1,169	1,388	1,291	1,957	1,495	1,627	1,245	2,124
SANTA ROSA	6,397	7,839	7,236	5,069	6,338	5,565	6,973	6,779	6,445	5,439	7,654
SEBASTOPOL	330	110	281	254	128	254	128	261	226	127	274
SONOMA	500	270	520	388	313	388	313	471	418	308	684
WINDSOR	627	848	692	573	714	590	787	636	627	636	2,071
UNINCORPORATED	3,533	955	2,137	3,151	1,012	3,151	1,012	1,990	1,718	945	6,799
SONOMA COUNTY	15,860	15,691	15,596	13,014	12,784	14,024	14,496	14,886	14,237	11,473	22,313
REGION	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743

10/18/06 1:45 PM

Moderate Transit Emphasis			Greater Transit Emphasis							
			Housing Emphasis				Jobs Emphasis		Combo	
1	2	3	4	5	6	7	8	9	10	
						60% HH Growth	40% HH Growth	40% HH Growth	60% HH Growth	
50% HHs in	50% HH Growth	50% HH Growth	60% HHs 2014 20%	60% HH Growth 20%	60% HH 2014 20%	20% Jobs Growth	40% HH Growth 50%	40% HH Growth 50%	60% HH Growth 20%	
2014 50%	50% Jobs	50% jobs	Jobs 2014	Jobs Growth	Jobs 2014	20% Trans	Jobs 2014	2014 20%	Trans HH	
Jobs in 2014	Growth	2014	20% Trans HH 2014	20% Trans HH Growth	20% 2014 Trans Jobs	20% Trans Job Growth	10% Trans Job Growth	Trans Job Growth	Trans Job Growth	Previous RHNA
230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743

MEMO

TO: HOUSING METHODOLOGY COMMITTEE
FROM: ABAG RHNA TEAM
DATE: REVISED OCTOBER 16, 2006
RE: **SUBREGIONAL ALLOCATIONS**

The 2006-2014 RHNA authorizes local jurisdictions to form RHNA subregions. One RHNA subregion has formed; consisting of the County of San Mateo and the twenty (20) cities located in the county. The subregion has designated the City/County Association of Governments (C/CAG) as the entity responsible for coordinating and implementing the subregional RHNA process.

ABAG will assign a share of the regional need to the San Mateo RHNA subregion “in a proportion consistent with the distribution of households” in *Projections 2007*.¹ This subregional share will likely be different than the cumulative shares that the members of the subregion would receive under ABAG’s RHNA allocation methodology.

ABAG will also delegate to C/CAG the responsibility for allocating the subregional share among members of the subregion. C/CAG must:

- articulate a draft methodology by December 31, 2006
- adopt a final methodology by February 28, 2007
- adopt an initial subregional allocation by June 30, 2007
- adopt a final subregional allocation by June 30, 2008.²

If C/CAG does not complete the allocation or does not complete one of the above steps, ABAG must allocate the subregional share among the members of the subregion.³

ABAG staff requests Committee feedback on the following at the October 19 meeting:

- If C/CAG has adopted a “default allocation,” ABAG allocates using the default allocation. A “default allocation” is the allocation which a member of the San Mateo RHNA subregion receives if it “opts out” of the subregion.
- If the subregion fails before ABAG has made any allocation, ABAG combines the subregional share with the rest of the regional need and allocates the total regional need to the entire region using ABAG’s RHNA methodology.
- If the subregion fails after ABAG has made its initial allocation, ABAG separately allocates the subregional share among only the members of the subregion. ABAG uses its RHNA methodology to do so.

This approach minimizes the extent of reallocations that could occur and preserves the integrity of the respective efforts of ABAG and C/CAG. On the other hand, there may be scenarios in which, if the subregion fails after ABAG has made its allocation, combining the subregional share with the total for the rest of the region and allocating using ABAG’s RHNA methodology may result in lower numbers for some jurisdictions.

¹ Section 65584.03(c)

² The regulatory due dates for each of these steps match ABAG’s. The delegation agreement between ABAG and C/CAG will create sufficient gaps between the ABAG due dates and the subregion’s due dates to permit ABAG and the RHNA subregion to meet their statutory obligations.

³ Section 65584.03(d)

MEMO

TO: HOUSING METHODOLOGY COMMITTEE
FROM: ABAG RHNA TEAM
DATE: REVISED OCTOBER 18, 2006
RE: **REVISIONS AND APPEALS**

SUMMARY

The Committee will be considering allocation methodologies at its October 19 meeting. The methodology is first used to prepare the initial draft allocation of the regional housing need among local jurisdictions. The methodology can also be used to handle “reallocations” that occur at the two points in the RHNA process where local jurisdictions can request changes to the allocation. This memorandum outlines the main features of these two points in the process, suggests some ways of thinking about the process, and requests that the Committee provide staff with feedback on these concepts.

BACKGROUND

The current RHNA statute provides for two reviews of the proposed allocation. The first is called the revision period which begins in June 2007 and concludes by October 2007.¹ The second is called the appeals period which begins in November 2007 and concludes by April 2008.² In each instance, local jurisdictions may ask for a change to their allocations. However, the regional housing need has to be fully allocated within the region. Therefore, if ABAG changes just one local jurisdiction’s allocation, it must reallocate the difference to one or more jurisdictions in the region.

After the revision period, ABAG may issue a “reallocation” based on the decisions made in response to requests for revisions. This reallocation is then subject to the appeals process. After the appeals period, ABAG may issue another “reallocation” based on the decisions made in response to appeals by local jurisdictions. In the revision process, if ABAG “reallocates” it will use the regional allocation methodology. In the appeal process, the RHNA statute provides a formula for a “reallocation” if one is needed, but leaves some discretion to ABAG.³

ANALYSIS AND SUGGESTIONS

The committee may wish to consider including in the methodology sets of criteria that guide how ABAG responds to requests for revisions or appeals and how to make any necessary reallocations. There may be opportunities to use reallocations to accommodate local conditions while also advancing the RHNA objectives.

¹ The request for a revision “shall be based on comparable data available for all affected jurisdictions and accepted planning methodology, and supported by adequate documentation” [Section 65584.05(b)]. Further, the requested revision must be “in accordance with the [RHNA] factors [described in Section 65884.04(d)].”

² The appeal may be based on one or both of the following: (1) ABAG failed to adequately consider the information about a RHNA factor, or a significant and unforeseen change in circumstances has occurred in the local jurisdiction or (2) ABAG failed to determine the jurisdiction’s share of the regional housing need in accordance with the RHNA factors or the methodology.

³ The statute requires that appealed allocations be distributed “proportionally to all local governments” if the appealed allocations total seven per cent (7%) or less of the regional need. In the event the appealed allocations total more than seven per cent (7%), ABAG “shall develop a methodology to distribute the amount greater than the 7 percent to local governments.”

A. Boundary Issues

One way of thinking about the revision process is as an added technical tool for “fine-tuning” the initial draft allocation. One example is the allocation of the share associated with land within a city’s sphere of influence (SOI). In the main, *Projections 2007* forecasts population and job growth for cities, unincorporated areas of the counties, and SOI’s. First, there is the question of whether SOI boundaries are correctly described or might change significantly during the RHNA process. Second, there is the question of how the RHNA methodology will allocate the housing need associated with existing, or forecasted growth in, households and jobs.

Staff recommends the following initial allocation methodology:

- 1) Based on the regional policy preference for city-centered development and anecdotal information from the HMC about actual county/city practices, initially allocate all of the housing need generated by the SOI’s to the cities in the counties of Marin, Napa, Santa Clara, Solano and Sonoma, and allocate all of the housing need generated by the SOI’s to the county in the counties of Alameda and Contra Costa.⁴
- 2) Include a rule that if a local jurisdiction requests a revision that reallocates units associated with SOI, the request will be decided in a manner that:
 - (a) is consistent with any pre-existing written agreement between the city and county that allocates such units, or
 - (b) in the absence of a written agreement, allocates the units to the jurisdiction that has permitting authority over future development in the SOI.

These criteria resolve the local issues and advance the statutory RHNA objectives. In this particular example, there is the added benefit of avoiding reallocation to parties not directly involved in the request for revision.

B. Voluntary Transfers of RHNA Units

Another way of thinking about the revision process is as an opportunity for local jurisdictions to transfer a portion of their allocation to a willing partner that can better plan for, or provide, the necessary housing choices. In *A Place to Call Home* (2006), ABAG documented the region’s progress since the last RHNA revision. One prevalent theme is that there are differences in local conditions that affect how much of their RHNA goals local jurisdictions can achieve. Some struggled to permit any housing units – particularly affordable units – while others permitted significant increases in, and diversification of, the housing stock.⁵

An effective set of transfer criteria can condition transfers of RHNA units between two willing jurisdictions and direct housing growth and diversification of housing choices in a way that furthers RHNA objectives and regional planning goals. Staff requests that the Committee discuss and consider the following concepts that could govern the case-by-case consideration of requests for revisions that transfer units among local jurisdictions:

- Transfer requests must have at least two willing partners and the total number of units within the group requesting the transfer cannot be reduced.

⁴ The County of San Mateo (formed a RHNA subregion) and the City and County of San Francisco (irrelevant) have been omitted.

⁵ *A Place to Call Home* (2006), pages 13-18.

- All members of the transfer group must retain some allocation of very low and low income units.
- The proposed transfer must include a well defined and specific package of incentives and/or resources that will enable the jurisdiction(s) receiving an increased allocation to provide more housing choices than would otherwise occur absent the transfer and the accompanying incentives or resources.
- If the transfer results in a greater concentration of very low or low income units in the receiving jurisdiction, the effect must be offset by (a) the urgent need for more housing choices in those income categories, or (b) the fact that the proposed project is mixed income, or (c) the proposed project is “transitional” housing for very low or low income households being relocated for rehabilitation of existing very low or low income units, or (d) the additional units avoid displacement or “gentrification” of existing communities.
- For the transfer of very low and low income units, there are restrictions that ensure the long-term affordability of the transferred units.

Committee members should also bear in mind that these transfers must comply with all other statutory constraints, further the RHNA objectives, and be consistent with the overall RHNA methodology.

MEMO

TO: HOUSING METHODOLOGY COMMITTEE
FROM: ABAG RHNA TEAM
DATE: OCTOBER 18, 2006
RE: **AB 2572**

On September 29, Governor Schwarzenegger signed AB 2572. The bill adds the following to the list of RHNA factors listed in Government Code Section 65584.04(d):

The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

To comply with this change, staff proposes:

- ♦ the draft RHNA allocation methodology note the late enactment of the bill and restate the statutory requirement;
- ♦ staff survey local jurisdictions for data on this factor during the sixty (60) day review period for the draft methodology in order to comply with the statutory requirement to collect data about potential methodology factors;
- ♦ the draft methodology and survey include the staff's initial opinion on how this factor might affect the allocation (see below); and
- ♦ staff address survey results and comments in making recommendations to the ABAG Executive Board on the final methodology in January 2007.

In staff's view, the addition of this factor has no measurable impact on the RHNA allocation. We have proposed, and the HMC has thus far agreed to, using household statistics in the RHNA methodology. The household estimates account for all people living in housing units, including students. Thus, the portion of the student population that occupies part of a local jurisdiction's housing stock is counted as such and as a source of future household formation.

The portion of the student population that occupies "group quarters," such as college dormitories, are not included in household population counts. They are included in the "total population" estimates. However, staff is not proposing that "total population" be used in the RHNA allocation methodology.

Therefore, staff does not propose a specific factor in the methodology to represent the impact of student populations.



Housing Methodology Committee Meeting – October 19, 2006

10:00 a.m. – 1:00 p.m.

San Francisco Bay Conservation & Development District
50 California Street, 26th Floor
San Francisco, CA

Meeting Summary

1. Call to Order/Introductions

The meeting began with introductions of member representatives, interested parties, and ABAG staff. Paul Fassinger, Research Director at the Association of Bay Area Governments (ABAG) provided an overview of the Meeting Agenda.

2. Discussion of Allocation Methodologies – All Units

Mr. Fassinger led the HMC in a discussion of the different allocation methodology scenarios developed by ABAG staff in response to HMC feedback at the October 12th meeting. The three factors included in the scenarios are related to housing, employment, and transit.

Jobs-Housing Balance Factors

In response to requests from the HMC, staff explored several options for directly addressing the issue of jobs-housing balance in the allocation methodology. Suggestions included looking at employed residents compared to jobs in a jurisdiction or making an adjustment for a jurisdiction's jobs-housing ratio compared to the regional ratio.

Staff explored using these types of factors, but found that they resulted in negative allocations. These adjustment factors also make the formula more complicated and harder to explain. In addition, the results of the scenarios without these adjustment factors appear to provide a better jobs-housing balance within the region.

Allocation Scenarios

The allocation scenarios are separated into two major categories. The first three scenarios include only factors related to housing and employment. They have a "Moderate Transit Emphasis" because they are based on *Projections*, which directs growth to existing communities and areas near public transit.

The rest of the scenarios (Scenarios 4 through 10) are also based on *Projections*, but they include "transit" as an additional allocation factor, and therefore represent a "Greater Transit Emphasis." Choosing to include a factor that explicitly directs growth to areas with public transit further encourages housing growth in areas with a variety of transportation options. In effect, it would give extra weight to this regional goal, over what has already been done in the *Projections* forecast. Only existing, fixed transit infrastructure, such as heavy and light rail systems and ferries are included.

Moderate Transit Emphasis

One of the major distinctions among the scenarios is the degree to which they emphasize growth near transit. Those in the "Moderate Transit Emphasis" category use the housing and employment estimates from *Projections*, and do not include a separate factor for transit. These scenarios have a moderate transit

emphasis because the *Projections* forecast incorporates the regional policies that direct more growth to existing communities and areas near transit.

Within this category, Scenario 1 equally weights total households in 2014 and total jobs in 2014. These factors incorporate conditions in 2007 as well as the expected growth in households and jobs between 2007 and 2014. Since these factors take into account existing growth patterns, this scenario is likely to direct housing growth to areas that already have a significant amount of housing and jobs. This scenario does the least to improve existing jobs/housing imbalances in the region, since it maintains existing proportions of jobs and housing in each jurisdiction.

Scenario 2 equally weights projected growth in households between 2007 and 2014 and projected growth in jobs between 2007 and 2014. It does not take the existing jobs-housing balance into account. As a result, this scenario emphasizes local plans for accommodating growth as well as the regional policies for growth, as incorporated into *Projections*. This scenario addresses jobs-housing balance based solely on future employment growth. It does not seek to adjust the existing balance between housing and jobs.

Scenario 3 equally weights housing growth during the RHNA period and total jobs in 2014. This jobs factor considers existing employment in 2007 plus the amount of job growth during the RHNA period. As a result, this scenario encourages housing growth in areas that are expected to be employment centers at the end of the RHNA period. The use of the housing growth factor directs growth to areas that are planning for housing growth, and away from areas that already have a significant amount of housing.

Greater Transit Emphasis

The scenarios that are part of the “Greater Transit Emphasis” category can be separated into three groups. Scenarios 4 – 7 have a housing emphasis while Scenarios 7 – 8 have an employment focus. Scenario 10 represents a combination that looks at both housing and jobs growth around transit.

Housing Emphasis

In both Scenario 4 and Scenario 5, housing is weighted at 80 percent. Scenario 4 is similar to Scenario 1, since it includes factors for housing and employment in 2014. These factors incorporate existing conditions in 2007 as well as expected growth through 2014. However, in contrast to Scenario 1, this scenario includes a transit factor that directs additional housing growth to transit station areas that are expected to have significant amounts of housing in 2014.

Scenario 5 is similar to Scenario 2, in that it looks at projected housing and employment growth. However, this scenario includes a transit factor that directs housing growth to station areas that are planning for housing growth during the RHNA period.

In Scenarios 6 and 7, housing is still weighted at 60 percent. However, the transit factors, weighted at 40 percent, focus on employment around transit stations. By including total jobs and households in 2014, Scenario 6 considers both existing conditions and expected growth. In addition, the transit factor directs housing growth to communities that are expected to have employment centers near transit stations in 2014. Scenario 7 considers only housing and job growth. Housing is directed to areas with expected housing and job growth, with greater emphasis given to communities with employment growth planned near transit.

Employment Emphasis

In Scenarios 8 and Scenario 9, employment accounts for 60 percent of the allocation. Both scenarios include total jobs in 2014 and household growth during the RHNA period. The only difference between the scenarios

is the weight given to station areas that are planning for job growth. Scenario 8 gives less weight to the transit factor—only 10 percent—while Scenario 9 has a 20 percent weight.

Transit Combo

Scenario 10 has the highest emphasis on transit compared to the other proposed scenarios. Transit accounts for 40 percent of the allocation, with 20 percent based on housing growth around transit and 20 percent based on employment growth around transit. This is the only scenario that includes both housing and employment growth as transit-related factors. Allocations to jurisdictions without transit stations would be based on housing growth. Overall, the scenario gives an 80 percent weight to housing compared to employment.

Jurisdiction Share of Growth

In response to questions from committee members, Mr. Fassinger clarified that the allocation formulas are not based on the growth trends within an individual jurisdiction, but are instead based on the growth trends for that jurisdiction relative to what is happening in the region as a whole. Determining each jurisdiction's share of the regional total ensures that the total regional housing need is fully allocated.

For example, in the formulas for the proposed allocation scenarios, the factors selected are given a percentage weight, which is then multiplied by a jurisdiction's share of the regional total for each factor. For example, in Scenario 1, a jurisdiction's share of the total number of households in the region in 2014 is multiplied by a 50 percent weight. The jurisdiction's share of the total number of jobs in the region in 2014 is also multiplied by 50 percent.

Mr. Fassinger used a hypothetical example to demonstrate the process for determining a jurisdiction's share of the total jobs in the region. In the example, the region is expected to add 40,000 jobs during the RHNA period. If the City of Alameda is expected to add 1,000 jobs during the same time period, then its share of the growth is $1/40$, or 2.5 percent. If Concord is expected to add 1,500 jobs, then its share is $1.5/40$, or 3.75 percent. The same type of calculation would then be completed for the rest of the jurisdictions in the region.

HMC Discussion of Proposed Scenarios

Several committee members expressed concern that, under some of the proposed scenarios, allocations to the region's three largest cities—San Jose, San Francisco, and Oakland—were too high. Although representatives from these cities acknowledged that they expected larger shares than other jurisdictions, they noted that the proposed allocations give them a much larger share of regional growth than what has occurred in reality over the past several decades. Several people mentioned the potential negative impact on the region as a whole if fewer housing units were built because these cities were assigned unrealistic housing targets and other jurisdictions were given lower allocations. There was also a concern that these large allocations would result in too many affordable housing units allocated to jurisdictions that already have a significant share of the region's total.

Other HMC members countered that one purpose of the RHNA process and methodology is to set policy, and not simply to reflect the existing patterns of growth and market forces. This is why the total regional number defined by HCD is based on housing need, not on what the market can produce. Several people pointed out that directing growth to cities is one of the primary components of the Bay Area's regional goals for growth. If the allocations to the three largest cities are reduced, then outlying and unincorporated areas will have to plan for a larger share, which would encourage growth in these areas. In addition, several committee members felt strongly that the jurisdictions that had the largest proportions of the region's employment were not doing enough to meet the housing need created by those jobs.

At this stage in the discussion, committee members decided to reduce the number of scenarios. Based on the vote totals shown below, the HMC decided to eliminate Scenarios 1, 3, 4, 5, and 6.

Votes to Eliminate Scenarios

Scenario	Number of Votes
#10	11
#9	5
#8	9
#7	9
#6	16
#5	12
#4	14
#3	15
#2	9
#1	19

The remaining scenarios all include household growth, but paired with different employment factors. As a result, the HMC decided to vote on what type of employment factor to use in the allocation formula.

In selecting an employment factor, HMC members expressed an interest in addressing existing jobs-housing imbalances without penalizing housing-rich areas that add jobs to improve their jobs/housing balance. Others wanted to ensure that areas that have a lot of jobs, or are planning for additional employment growth, provide housing along with the jobs. To address these concerns, as shown below, the committee decided to use a combination of jobs factors—existing jobs in 2007 and job growth from 2007-2014—and to weight them equally.

Vote on Employment Factors

Factor	Number of Votes
Jobs 2014	4
Job growth	2
Combination (Existing jobs and job growth)	16

There was a question from some committee members about how employment is forecast in *Projections*. Mr. Fassinger responded that the estimates are based on local plans for different types of job-supporting activities. The numbers are not counted directly, but are instead indirectly deduced based on Census 2000 data and the forecasting model.

The HMC then turned its attention to the question of whether or not to include a separate transit factor in the methodology. Several committee members felt that the policy-based Projections already direct growth to areas with transit, so an additional factor in the allocation methodology is not necessary. However, most HMC members agreed that transit should be included as a factor in the methodology.

The committee then discussed whether the transit factor should be related to the households or jobs that were planned for the area around the transit station. The committee generally agreed that housing growth should be a factor. Several members also advocated for employment growth around transit as a factor, to ensure that jurisdictions plan for housing along with employment growth. Some people expressed concern that some transit station areas are primarily job centers that do not have space in which to add housing. In the end, the committee decided that the transit factor should provide a balance by allocating units based on both expected household and employment growth near transit.

Another major issue was whether to include planned transit stations along with existing stations. Several committee members proposed that planning must be done in advance to promote transit-supporting development around stations, before there is significant development in those areas. This type of planning for future stations is consistent with regional goals for growth and with Metropolitan Transportation Commission (MTC) policies. In addition, including only the existing transit stations would give higher allocations to those jurisdictions that have taken the initiative to plan for transit-oriented development (TOD).

However, several committee members countered that planned transit stations should not be included in the methodology because, given the difficulty in funding transit extensions, there is the potential that planned routes and stations will not be built. In particular, eBART was mentioned as an example where funding issues put the project's future in doubt, and which should thus not be included in the methodology. This was based on a concern that planning for higher densities around stations that do not materialize would only exacerbate traffic congestion.

In the end, 15 out of the 24 HMC members voted to include planned transit in the methodology. Specifically, the HMC proposed that planned transit projects in the Regional Transportation Plan (RTP) should be used. The specific projects mentioned include: SMART, eBART, tBART, Capitol Corridor, Dumbarton Rail, VTA extensions, Transbay Terminal, and BART to San Jose.

The HMC's Proposed Allocation Methodology

As a result of these discussions, the HMC proposed an allocation methodology that included the following factors:

- Household growth
- Jobs in 2007
- Job growth from 2007-2014
- Planned employment growth near transit stations
- Planned housing growth near transit stations

Once the individual factors were selected, the HMC discussed the weights for each factor. As a first step, the committee agreed that the total weight for households, which includes the household growth factor and the factor for planned households near transit, should not be greater than 50 percent. In addition, there was general agreement that the two employment factors—jobs in 2007 and job growth—should be weighted equally. There was also support for having the two transit-related factors weighted equally. This resulted in the following allocation formula:

- Household growth (40%)
- Jobs in 2007 (20%)
- Job growth from 2007-2014 (20%)
- Planned employment growth near transit stations (10%)
- Planned housing growth near transit stations (10%)

A member of the public, Kathleen Livermore, a planner from the City of San Leandro, stated to the HMC that the San Leandro RHNA numbers increase 200 percent, and others in Alameda County increase more than 100 percent, and that this represents too much growth for these areas.

3. Discussion of Other RHNA Methodology Issues

Kenneth Moy, ABAG Legal Counsel, led the HMC in a discussion of some of the additional issues that are addressed as part of the proposed allocation methodology. These include: subregions, rules on revisions and appeals, and the factor related to the impact of colleges and universities on housing need.

Subregions

Mr. Moy reminded HMC members that a subregion has formed in San Mateo County. As a result, the jurisdictions in the county will work together to perform their own RHNA allocation. However, since ABAG is ultimately responsible for allocating the total regional need, it needs to establish rules for how to perform an allocation to the members of the subregion if the subregion is not able to successfully complete the allocation on its own.

Mr. Moy briefly explained the provisions of the rules that staff proposed for dealing with the subregion:

- If the subregion has adopted a default allocation, ABAG will allocate using the default allocation.
- If the subregion fails before ABAG has made any allocation, the subregion is folded back into the regional total, and units are allocated using ABAG's methodology
- If the subregion fails after ABAG has made its initial allocation, ABAG allocates the subregional share among only the members of the subregion, using its RHNA methodology to do so.

Some HMC members proposed the possibility of penalizing subregion members if their efforts fail. However, most people felt that this would not be practical. After some discussion, there was consensus for the staff recommendation outlined above.

Revisions and Appeals

Mr. Moy highlighted two of the primary reasons for revisions and appeals: boundary issues related to spheres of influence (SOI) and voluntary transfer agreements.

Boundary Issues

For dealing with boundary issues, the recommendation made by ABAG staff is that the entire housing need generated by SOIs should be allocated to either the city or the county, and should not be split between the two jurisdictions. Initial allocations would be made based on whichever jurisdiction has responsibility for land use planning in the SOI. This results in different rules for different counties. The need generated by the SOI would be allocated to cities in the counties of Marin, Napa, Santa Clara, Solano and Sonoma, and to the county in the counties of Alameda and Contra Costa.

The proposed methodology would include a rule that if a local jurisdiction requests a revision that reallocates units associated with SOI, the request will be decided in a manner that:

- (a) is consistent with any pre-existing written agreement between the city and county that allocates such units, or
- (b) in the absence of a written agreement, allocates the units to the jurisdiction that has permitting authority over future development in the SOI.

In response to this proposed methodology, HMC members suggested that Marin County should be treated the same way as Alameda and Contra Costa Counties. As a result, the allocation of units for the SOI would go to the county. However, it was noted that the situation in Marin might change significantly, since the County Supervisors are currently discussing possible boundary changes.

Voluntary Transfers

Mr. Moy outlined the proposed guidelines for accepting a request for the transfer of housing units between jurisdictions. The purpose of these transfers is to allow for changes that reflect local conditions and that will lead to an increase in housing production and housing choice. The proposed rules for the transfers are:

- Transfer requests must have at least two willing partners and the total number of units within the group requesting the transfer cannot be reduced.
- All members of the transfer group must retain some allocation of very low and low income units.
- The proposed transfer must include a well defined and specific package of incentives and/or resources that will enable the jurisdiction(s) receiving an increased allocation to provide more housing choices than would otherwise occur absent the transfer and the accompanying incentives or resources.
- If the transfer results in a greater concentration of very low or low income units in the receiving jurisdiction, the effect must be offset by (a) the urgent need for more housing choices in those income categories, or (b) the fact that the proposed project is mixed income, or (c) the proposed project is “transitional” housing for very low or low income households being relocated for rehabilitation of existing very low or low income units, or (d) the additional units avoid displacement or “gentrification” of existing communities.
- For the transfer of very low and low income units, there are restrictions that ensure the long-term affordability of the transferred units.
- Transfers must comply with all other statutory constraints and further the RHNA objectives.

The HMC was generally supportive of the guidelines outlined above. However, they felt that the receiving jurisdiction would not be able to determine whether the transfer meets the objectives stated in the fourth bullet about the types of units that will be created as a result of the transfer. It would also be a challenge to monitor whether this criterion is met. As a result, committee members recommended a requirement that jurisdictions involved in the transfer issue findings that the transfer is consistent with state statutes.

The committee also recommended addition of the rule that transfers must be proportional to the income distribution. This would ensure that jurisdictions cannot transfer away only affordable units.

Housing Need Generated by a University or College

Shortly before completion of the proposed allocation methodology, another issue was added to the list of factors that must be addressed in the methodology. This factor is “The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.”

After exploring the issue, ABAG staff has determined that the addition of this factor has no measurable impact on the RHNA allocation, and a specific factor should not be included in the methodology. However, to comply with statutory requirements, staff proposes to survey local jurisdictions for data on this factor during the 60-day review period for the draft methodology and to address survey results and comments in making recommendations to the ABAG Executive Board on the final methodology in January 2007.

The HMC expressed support for this staff recommendation.

Next Steps:

- In presenting the draft methodology to ABAG's Executive Board, the HMC requested that staff provide:
 - Additional information that explains how the statutory factors are included in *Projections*
 - Sample allocations for a scenario that has both existing and planned transit and one that has only existing transit
- HMC members expressed a desire to continue meeting after release of the draft methodology. They requested that staff propose meeting dates for the beginning of 2007.
- The committee also requested more information about the future role of the HMC.